

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7254**

**BILL NUMBER:** SB 367

**NOTE PREPARED:** Feb 19, 2004

**BILL AMENDED:** Feb 19, 2004

**SUBJECT:** Compulsory School Attendance.

**FIRST AUTHOR:** Sen. Kenley

**FIRST SPONSOR:** Rep. Porter

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** The bill establishes the conditions under which a student who is at least 16 years of age, but less than 18 years of age, may withdraw from school. The bill provides that a student who has stopped attending school (but has not formally withdrawn) may be denied a driver's license or learner's permit, or may have the license or permit revoked. The bill sets forth reasons for which a student may be denied an employment certificate. The bill repeals a provision allowing a child who is at least 14 years of age, but less than 16 years of age, to withdraw from school to work if the child's parent consents to the withdrawal.

**Effective Date:** July 1, 2004.

**Explanation of State Expenditures:** *Driver's License-* Under the bill, the Bureau of Motor Vehicles would be required to use information for denial or invalidation of a driver's license or learner's permit obtained from school principals on students failing to return to school without an exit interview (as required under current law) or students determined to no longer benefit by continuing to attend school. This provision would increase the administrative time of the Bureau to check records on students reported as dropping out of school under the requirements of the bill. The Bureau should be able to carry out this provision within existing resources.

*Background:* The Bureau of Motor Vehicles was appropriated approximately \$37.9 M in FY 2004 and \$37.9 M in FY 2005 for operations and personal services. Appropriations are made from the Motor Vehicle Highway Account. The Bureau expended approximately \$30.7 M in FY 2003 and had a budgetary fund balance of approximately \$33.9 M in the same fiscal year.

**Explanation of State Revenues:** *Driver's License-* Under the bill, the Bureau of Motor Vehicles may have a slight reduction in three-year operator license revenue if additional students that have failed to return to

school and did not participate in an exit interview are refused a driver's licenses. The current license fee for a three-year operator license is \$12.

**Explanation of Local Expenditures:** (Revised) *Annual Report*- Under the bill, schools (corporations, non-public, and charters) would be required to provide an annual report to the Department of Education that contains the following information: (1) the total number of students who withdraw from the school under the proposed withdrawal policies and (2) the number of students who withdraw from school for financial hardship. The provision would increase the administrative responsibilities of schools. However, this provision should be able to be accomplished within schools' existing resources.

*Driver's License*- Under the bill, schools would be required to report to the Bureau of Motor Vehicles names of students that have failed to return to school and did not participate in an exit interview.

*Background:* The following table illustrates the total grade 10-12 public enrollment dropouts and the grade 10-12 amount that were attributable to financial hardship:

Grade	Total Dropouts School Year 2002-2003	Students That Left School Due To Financial Hardship School Year 2002-2003
10	1606	39
11	1778	69
12	1867	89

There were approximately 205,507 10<sup>th</sup> through 12<sup>th</sup> grade public school students during school year 2002-2003. Additionally, there were 22,381 10<sup>th</sup> through 12<sup>th</sup> grade students enrolled in nonpublic schools during school year 2002-2003.

**Explanation of Local Revenues:** The bill could have a minimal impact to school formula dollars received by school corporations if students aged 14-16 year were no longer allowed to leave school due to the need to work, especially before the ADM count day in a given school year. A total of 35 eighth and ninth-graders statewide left school due to financial hardship/need to work in school year 2002-2003.

**State Agencies Affected:** Department of Education; Bureau of Motor Vehicles.

**Local Agencies Affected:** School corporations.

**Information Sources:** DOE SAS and ORACLE DATABASES; P.L. 224-2003; State Budget Agency: Auditor's Trial Balance June 30, 2003.

**Fiscal Analyst:** Chris Baker, 317-232-9851.